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October 12, 2005

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**Hand Delivered**

The Honorable Charles L.A. Terreni  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
ATTN: Docketing Department  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Generic Proceeding to Explore a Formal Request for Proposal for Utilities  
that are Considering Alternatives for Adding Generating Capacity  
Docket No. 2005-191-E

Dear Mr. Terreni:

Enclosed please find the original and twenty-five copies of the rebuttal testimony of Julius A. Wright on behalf of South Carolina Electric & Gas Company in the above-referenced docket. This testimony supports SCE&G's position that no formal request for proposal process for utilities considering alternatives for adding generating capacity is necessary and that no rule-making proceeding should be commenced.

By copy of this letter, I am serving the parties of record with a copy of this testimony.

Please date stamp the enclosed copy of this letter and return it with our courier. Should anything further be needed, please do not hesitate to contact me.

With kind regards,

Patricia B. Morrison

*OK D. Duke*  
*OK D. Duke*

PBM/kms  
Enclosure

cc: Len Anthony, Esq.  
Frank R. Ellerbe III, Esq.  
Richard L. Whitt, Esq.  
Scott Elliott, Esq.

Kendall Bowman, Esq.  
Darra W. Cothran, Esq.  
Shannon Bowyer Hudson, Esq.

**CERTIFICATE OF SERVICE**

I hereby certify that on October 17<sup>th</sup>, 2005, a copy of the South Carolina Electric & Gas Company's rebuttal testimony of Julius A. Wright was served on the parties below by depositing said testimony in the U.S. Mail with appropriate postage affixed addressed as follows:

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Re: Generic Proceeding to Explore a Formal Request for Proposal for Utilities that are Considering Alternatives for Adding Generating Capacity  
Docket No. 2005-191-E

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**REBUTTAL  
TESTIMONY  
OF  
JULIUS A. WRIGHT  
ON BEHALF OF  
SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOCKET NO. 2005-191-E**

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**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

**A.** Julius A. Wright, President, J. A. Wright & Associates, Inc., 3037 Loridan Way,  
Atlanta, Georgia 30339.

**Q. FOR WHOM ARE YOU TESTIFYING?**

**A.** I am providing this rebuttal testimony for South Carolina Electric and Gas Company  
("SCE&G" or the "Company").

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

**A.** My rebuttal testimony focuses on several issues raised in the direct testimony of Dr.

1 David Dismukes, on behalf of Columbia Energy, LLC. Some of these issues are also  
2 found in the testimonies of Timothy Eves, on behalf of NewSouth Energy, LLC, and  
3 Lawrence J. Willick, on behalf of LS Power Development, LLC.  
4

5 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS TO THIS**  
6 **COMMISSION.**

7 **A.** I do not agree with those intervenors who suggest that the state of South Carolina  
8 needs, at this time, to adopt mandatory or highly-structured competitive bidding rules,  
9 also referred to as an RFP process, for electric resource planning. My  
10 recommendation is that the State should maintain its current electric resource  
11 planning process (in this regard, I am talking about generation and demand-side  
12 resource planning). The current process allows the regulated utilities the flexibility to  
13 use an RFP process when it is appropriate, but also allows management authority  
14 coupled with Commission oversight, to secure the needed energy resources without  
15 having to follow some regimented, scripted, RFP procedure. The current system has  
16 obviously served the State, its citizens, and its utilities well for many years as  
17 demonstrated by the States low cost electricity and reliable service.  
18

19 **Q. PLEASE SUMMARIZE THE REASONS WHY YOU DISAGREE WITH**  
20 **INTERVENORS WHO RECOMMEND THAT THIS COMMISSION ADOPT**

1           **MANDATORY COMPETITIVE BIDDING RULES AND PROCEDURES AT**  
2           **THIS TIME?**

3    **A.**    There are several reasons why I disagree with this recommendation.  These include:

- 4           •    There is no demonstrated need for adopting such a procedure in South Carolina at  
5                this time due to the fact that the current resource planning process has undeniably  
6                served the State and its citizens well;
  
- 7           •    The State’s regulated utilities already use an RFP solicitation when they consider  
8                it appropriate;
  
- 9           •    Contrary to some intervenors’ suggestions, adopting a mandatory RFP process,  
10             could lead to higher costs and decreased flexibility in resource decisions;
  
- 11          •    Most importantly, from a long-term, far reaching policy perspective, adopting  
12             such a mandatory procedure will unalterably, and I think in a negative way,  
13             change the regulatory compact between this Commission and the electric utilities  
14             it regulates with regard to the ongoing responsibility for reliability and the  
15             obligation to serve;
  
- 16          •    And finally, I believe that Dr. Dismukes’ claims of wholesale competition benefits  
17             and the related benefits from an RFP process are overstated.  He overlooks some  
18             potential harm and increased level of service and reliability risks associated with a  
19             mandatory, strictly defined, RFP procedure.

1 **II. GENERAL COMMENTS REGARDING THE ADOPTION OF A MANDATORY**  
2 **RFP PROCEDURE FOR RESOURCE PLANNING**

3  
4 **Q. PLEASE DISCUSS IN MORE DETAIL WHY YOU SEE NO NEED FOR THE**  
5 **STATE OF SOUTH CAROLINA AND THIS COMMISSION TO ADOPT A**  
6 **MANDATORY COMPETITIVE BIDDING RULE AND PROCEDURE AT**  
7 **THIS TIME?**

8 **A.** Simply put, there has been no evidence provided by the intervenors that the current  
9 planning process is not working well or demonstrably flawed. In fact, I would argue  
10 that the undeniable evidence suggest just the opposite - specifically that the current  
11 resource planning process is working well.

12 I have followed the electric industry in South and North Carolina for a number of  
13 years. The electric utilities this Commission regulates –Duke, Progress and SCE&G--  
14 have made prudent decisions concerning new generation capacity. As a result, South  
15 Carolina now benefits from very efficient and well-managed generation infrastructure  
16 that provides a combination of extremely good reliability and very reasonable prices  
17 to customers. This Commission has every reason to support the results of the present  
18 generation procurement process in South Carolina. Given these facts it seems to be  
19 over-reaching to argue that the State should change its resource acquisition policies  
20 and procedures at this time.

1

2 In addition, the State's regulated electric utilities already voluntarily use an RFP  
3 process in appropriate cases as New South Energy, LLC witness Mr. Eves admits in  
4 his testimony (page 4, lines 9,10).<sup>1</sup> Consequently, I believe the current planning  
5 process is flexible enough to allow utilities to use an RFP procedure when it seems  
6 appropriate while still allowing utilities the flexibility and responsibility to plan  
7 resources as they deem necessary to meet their obligation to serve.

8

9 I would also point out that the State's current resource planning procedure gives  
10 interested parties knowledge of upcoming resource needs. It also allows parties to  
11 participate and offer alternate options in the resource planning process while giving  
12 the Commission sufficient oversight and authority to ensure the utility is selecting an  
13 appropriate resource based on cost, reliability, dispatchability, and other criteria.

14

15 **Q. PLEASE DISCUSS THE PRESENT PROCESS IN SOUTH CAROLINA FOR**  
16 **REGULATORY OVERSIGHT OF THE ACQUISITION OF GENERATION**  
17 **ASSETS.**

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<sup>1</sup> Also see testimony of Stephen Cunningham, page 4, beginning on line 20, Janice Hager, page 10, lines 12-22, and Samuel Waters, page 12, lines 19,20.

1    **A.**    Regulated utilities in South Carolina are currently required to justify their supply  
2           procurement decisions through annual IRP plans. This Annual Plan must include  
3           such things as the demand and energy forecast for at least a 15-year period and the  
4           supplier’s or producers’ program for meeting the requirements shown in its forecast in  
5           an economic and reliable manner, including both demand-side and supply-side  
6           options.

7  
8           Utilities must also obtain a certificate of environmental compatibility and public  
9           convenience and necessity for any generation it plans to construct within the State of  
10          South Carolina. Finally, the Commission has the authority within a siting or  
11          ratemaking proceeding to address the prudence of the utility’s resource plans and to  
12          review fuel and purchase power costs in a fuel clause proceeding.

13  
14          The comprehensive and long-term nature of this current resource planning process  
15          ensures that the Commission has adequate time and information to properly review,  
16          evaluate and approve a utilities’ resource plan. It also provides adequate notice and  
17          intervention for non-utility generators to present alternative resource options for the  
18          Commission to consider.

19

1 **Q. PLEASE DISCUSS YOUR CONCERN THAT A MANDATORY RFP**  
2 **PROCESS COULD LEAD TO HIGHER COSTS AND DECREASED**  
3 **FLEXIBILITY.**

4 **A.** First, let me say that the history of RFPs and non-utility owned generation have not  
5 always proven to be the lowest cost option—as I will discuss later in my testimony.  
6 Also from a conceptual point of view, simply requiring every generation resource to  
7 be bid through an RFP process does not guarantee the least cost supply. Indeed, this  
8 requirement, or lack of flexibility, might prevent a utility from being able to take  
9 advantage of some purchase power opportunities or prevent the acquisition of a low  
10 cost generation plant (for example a bankrupt supplier’s plants). In addition, plans,  
11 resource or environmental requirements, or other things could change in the middle of  
12 a mandatory RFP process. Under such a mandatory process, the lack of flexibility  
13 would require a re-bidding of the RFP, costing time, money and potentially the loss of  
14 the best available resource option. Rebidding would likely be opposed by initial  
15 bidders for obvious reasons. Finally, I believe a mandatory RFP process will lead to  
16 more costs and lengthier litigation than we currently see in the State’s resource  
17 planning process. I do not believe such protracted litigation would be in the best  
18 interest of the State or its consumers.

19

1 **Q. PLEASE DISCUSS IN MORE DETAIL YOUR CONCERNS THAT**  
2 **ADOPTING AN RFP PROCESS WILL CHANGE THE EXISTING**  
3 **REGULATORY COMPACT BETWEEN THIS COMMISSION AND**  
4 **ELECTRIC UTILITIES WITH REGARD TO RELIABILITY AND THE**  
5 **OBLIGATION TO SERVE.**

6 **A.** As a former regulator, the single most important and detrimental aspect of the  
7 proposal to adopt a mandatory RFP procedure is that I believe it dramatically changes,  
8 in a negative way, the regulatory compact between this Commission and the utilities it  
9 regulates with regard to the ongoing responsibility for reliability and the obligation to  
10 serve. Historically in South Carolina the regulated utilities have had the ongoing  
11 responsibility to provide reliable, reasonably priced electric service to all customers  
12 desiring service. The utilities have had the responsibility for planning and acquiring  
13 sufficient and appropriate resources to meet these obligations. The Commission has  
14 an obligation to oversee this process, approve the utilities' plans for meeting their  
15 service obligation, and to monitor and approve the costs associated with the resources  
16 chosen. However, if a mandatory RFP process is adopted, the Commission's role  
17 changes from one of oversight and approval to one of resource planning management  
18 and resource decision-making.

19 This distinction in roles is quite significant. I believe it changes the current basic  
20 regulatory policy and paradigm from one where the regulated utilities are directly

1           accountable for reliability and the obligation to serve to a situation where the  
2           Commission and some unspecified “suppliers” have essentially taken over one of the  
3           fundamental and key components of insuring reliability and service. How can the  
4           utilities be held accountable for reliability if they can’t control the key decisions  
5           impacting reliability? Also, competitive bidding, particularly where an independent  
6           evaluator is given strong authority, in large measure takes power away from both the  
7           Commission and the Company and makes the independent evaluator’s decision a *fait*  
8           *accompli*.

9  
10          Attendant with this changing role is the simple fact that the risks related to resource  
11          planning, including financial, management, and adequacy of service risks, would  
12          begin to shift from the utilities to the Commission. For example, how could there be  
13          imprudent or unrecoverable costs in a situation where the Commission (or a  
14          Commission-approved evaluator) specified what generation resource to build and at  
15          what costs. Who would the Commission and the public hold responsible for service  
16          or reliability issues should the specified resource fail to deliver? In summary,  
17          requiring a highly-structured RFP process, as proposed by the intervenors, would be  
18          inconsistent with this Commission’s long-standing commitment to preserving an  
19          integrated electric utility structure which places accountability for generation

1 acquisition and service reliability decisions squarely on the electric utilities that serve  
2 customers.

3  
4 **III. COMMENTS REGARDING THE REPORTED BENEFITS FROM THE**  
5 **WHOLESALE ELECTRIC MARKETS AND AN RFP PROCEDURE**

6  
7 **Q. DO YOU AGREE WITH DR. DISMUKES THAT THE MANDATORY USE**  
8 **OF A COMPETITIVE BIDDING PROCEDURE WILL ENSURE THAT**  
9 **ONLY THE “LEAST COST” RESOURCE WILL BE USED (TESTIMONY**  
10 **PAGE 6, LINES 9-10).**

11 **A.** No. The lack of flexibility and the potential for protracted litigation could lead to a  
12 less than optimal decision. This is particularly true in cases where a utility must act  
13 quickly to secure an advantageous purchase power contract or other resource option.  
14 Also this lack of flexibility, along with predefined and unchanging evaluation criteria,  
15 as Dr. Dismukes claims is necessary (page 42, line 1-12), can limit a utility’s options  
16 and lead to a non-optimal resource selection.

17 In addition, there is a little publicized benefit to cost-based regulation that non-utility  
18 generators fail to recognize—and that is simply with cost-based regulation consumers  
19 only pay for plant capital costs one time. In a non-cost based system, once a purchase

1 power contract with a non-utility is finished, any subsequent contract would be bid at  
2 prevailing market rates. In this latter scenario a utility's customers would likely be  
3 paying the capital costs for non-utility owned generation more than once. In other  
4 words, the utility's customers receive no benefit over time from a depreciating rate  
5 base.

6  
7 **Q. DO YOU AGREE WITH DR. DISMUKES, TESTIMONY PAGE 6, LINES 18 -**  
8 **22, THAT A COMPETITIVE BIDDING PROCESS WILL MAKE THE**  
9 **COMMISSION'S JOB EASIER?**

10 **A.** No, in fact just the opposite will occur. One may argue, as Dr. Dismukes does, that a  
11 bidding process will provide a Commission with more information and thus make  
12 their job easier. However, by taking a business decision made by a utility and turning  
13 it into a regulatory process with multiple interested parties and the potential for  
14 ongoing litigation, I believe you have increased the burden on the Commission.

15 Second, an RFP procedure will not make it easier on the Commission simply because  
16 it places the resource choice decision and related risks squarely on the shoulders of  
17 the Commission. Heretofore this burden and the subsequent risks and liabilities have  
18 been on the utility. Once a commission begins identifying and choosing, rather than  
19 approving, supply and demand resource choices, then any related reliability and cost  
20 issues, in effect, become the responsibility of that commission.

1 Third, as I discussed earlier, this Commission already has an ongoing process and the  
2 legal authority to obtain any information necessary to adequately monitor resource  
3 choices and intervenors have sufficient opportunity to present any alternative  
4 proposals. Furthermore, these resource planning procedures often can include an RFP  
5 solicitation by the utility and any information related to that process whenever  
6 required. I do not see how requiring a mandatory RFP process would necessarily  
7 improve upon the information that is currently available to the Commission.

8  
9 **Q. DO YOU AGREE WITH DR. DISMUKES, TESTIMONY PAGES 7-14, THAT**  
10 **WHOLESALE COMPETITION AND COMPETITIVE BIDDING HAVE**  
11 **CREATED CONSIDERABLE BENEFITS IN TODAY'S ELECTRIC**  
12 **MARKETPLACE?**

13 **A.** Not entirely. The whole history of non-utility owned generation, which is not exactly  
14 the same as competitive bidding, has provided some good but also some bad things in  
15 the industry. For example, Dr. Dismukes talks (page 10, lines 14-23) about non-  
16 utility owned generation known as qualifying facilities ("QFs") as if these facilities  
17 inherently provided power to ratepayers at far lower costs than the utility could have  
18 provided. In actual fact, during the first decade or so after PURPA utilities and QFs  
19 were often at odds over the appropriate price that a utility would pay a QF for power  
20 in lieu of the utility generating the power itself. This involved the determination of  
21 the utility's avoided cost, which usually became a litigated issue. During this time

1 period many utilities argued that QFs were being paid too much and essentially being  
2 subsidized. Over time, this proved to be true in many cases as above market value  
3 purchase power contracts became a burden on electric consumers. To illustrate the  
4 level of overpayments made by utilities on various purchase power contracts, during  
5 the move by some states to retail electric competition above market value purchase  
6 power obligations were estimated to be in excess of \$54 billion nationwide!<sup>2</sup>

7 Over time, the utility industry and regulators in most areas of the country, began to  
8 lower the avoided cost rates that utilities paid QFs. Consequently, it is both correct  
9 and fair to argue that the time period where utilities were required to purchase power  
10 from QFs had both positive and negative cost consequences for regulated utilities and  
11 their customers.

12  
13 **Q. DO YOU HAVE ANY OTHER COMMENTS REGARDING THE NATION'S**  
14 **EXPERIENCE WITH WHOLESALE COMPETITION AND DR. DISMUKES'**  
15 **CLAIMED BENEFITS FROM THIS EXPERIENCE (TESTIMONY PAGES 7-**  
16 **15)?**

17  
18 **A.** Yes, I would point out that Dr. Dismukes glowing appraisal of the competitive  
19 wholesale marketplace ignores the stark realities of financial upheaval, bankruptcies,  
20 and cancellations of planned generating plant that have rocked the electric industry

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<sup>2</sup> Enholm, Gregory B., et. al., "Reinventing Electric Utility Regulation,"

1 and in particular the independent (or non-utility owned) power industry over the past  
2 five years. As noted in a recent Edison Electric Institute Report,<sup>3</sup> “Difficulties with  
3 wholesale restructuring have arisen in many areas: volatile prices, manifestations of  
4 market power abuse, huge losses for some regulated POLR providers, boom-bust  
5 cycles, poor financial performance for many suppliers, and (as a consequence of these  
6 problems) little meaningful reduction in regulatory oversight.”

7  
8 Indeed, during these last few years, when Dr. Dismukes claims wholesale competition  
9 was providing many benefits and lower costs, we experienced the Enron debacle and  
10 the financial upheaval in the electric marketplace as a whole. Dr. Dismukes himself  
11 has recognized these financial and related problems when he has recently stated in a  
12 report that<sup>4</sup>, “Since the last CES IPP study (October, 2001), the landscape of the  
13 energy business has changed dramatically. This landscape was *indelibly altered* by the  
14 Enron crisis and subsequent industry meltdown.” (emphasis added) The EEI study  
15 noted earlier indicated the extent of this crisis in stating, “After the Enron bankruptcy  
16 in December 2001 credit dried up for the wholesale energy trading, marketing and  
17 generation sector of the industry. Some distribution companies also were affected,  
18 especially those with unhedged POLR obligations. Rating agencies and equity  
19 analysts monitor utility industry risk management practices and regulatory policies,

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Public Utilities Reports, Inc., Vienna, VA, 1995, page 121.

<sup>3</sup> Graves, Frank C., et. Al., “Resource Planning and Procurement in Evolving Electricity Markets,” Edison Electric Institute, Jan. 31, 2004, p. 2.

<sup>4</sup> David E., et.al., “The Power of Generation: Continued Economic Benefits from Independent Power Development in Louisiana,” Louisiana State University Center for Energy Studies, Baton Rouge, LA, April, 2003, Page 1.

1 particularly as they may impact the balance sheet. As a result, many generators and  
2 utilities experienced downgrades or been put on watch lists for a potential downgrade.  
3 Of the 73 companies in *Value Line's* electric utility sample, Moody's downgraded 50  
4 during January 1, 2001 through July 1, 2003. During the same period only nine  
5 companies received upgrades.”<sup>5</sup>

6  
7 **Q. WHAT IMPACTS DO YOU BELIEVE THESE FINANCIAL UPHEAVELS**  
8 **HAVE HAD ON THE INDEPENDENT POWER INDUSTRY?**

9  
10 **A.** Both I and Dr. Dismukes believe the electric industry, power marketers, and  
11 wholesale power producers have been “indelibly” altered by the Enron and  
12 subsequent experiences. For example, in the report authored by Dr. Dismukes<sup>6</sup> he  
13 stated that “This landscape was indelibly altered by the Enron crisis and subsequent  
14 industry meltdown.” He stated in the same report (on page i) that “Over the past year  
15 [April, 2002 to April, 2003], the industry [Independent Power Facilities, his client's  
16 industry] has been rocked by a souring economy, industry scandals, regulatory  
17 uncertainty, and declining access to capital markets for continued generation  
18 development.”

19  

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<sup>5</sup> Graves, Frank C., et.al., “Resource Planning and Procurement in Evolving  
Electricity Markets,” Edison Electric Institute, Jan. 31, 2004, p. 11.

<sup>6</sup> David E., et.al., “The Power of Generation: Continued Economic Benefits  
from Independent Power Development in Louisiana,” Louisiana State  
University Center for Energy Studies, Baton Rouge, LA, April, 2003, page 1.

1 These same points were echoed in the EEI report that stated "...despite the rapid  
2 growth of wholesale product markets in most regions of the United States during the  
3 1990s that growth came to a halt and, in fact, reversed in the months following the  
4 bankruptcy of Enron. Generation expansion continued, but trading activity fell off  
5 precipitously as virtually all of the major players in electricity trading and marketing  
6 either sharply reduced the scale of their operations or exited the business entirely.  
7 Liquidity in the wholesale markets has dropped correspondingly."<sup>7</sup>

8  
9  
10 **Q. YOU MENTIONED THAT A NUMBER OF NON-UTILITY PLANNED**  
11 **GENERATION PROJECTS HAD BEEN CANCELED. CAN YOU**  
12 **ELABORATE ON THIS POINT?**

13  
14 **A.** Yes. Related to the above-mentioned financial turmoil the independent power  
15 industry has seen a large number of proposed non-utility owned generation projects  
16 canceled and non-utility generation market-players experiencing financial difficulties.  
17 For examples of this I simply turn again to Dr. Dismukes own recent report<sup>8</sup> where he  
18 states that "By late 2001, the fissures that would quickly grow to gaping cracks, in the  
19 energy industry's financial and economic foundation were materializing. The

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<sup>7</sup> Graves, Frank C., et.al., "Resource Planning and Procurement in Evolving Electricity Markets," Edison Electric Institute, Jan. 31, 2004, p. 12.

<sup>8</sup> Dismukes, David E., et.al., "The Power of Generation: Continued Economic Benefits from Independent Power Development in Louisiana," Louisiana State University Center for Energy Studies, Baton Rouge, LA, April, 2003, page 4.

1           retrenchment since that time has, and continues to be, relentless. Table 1 shows that  
2           the first casualty of the industry’s demise was the competitive power generation  
3           opportunities scheduled for the next several years. Cancellations in independent  
4           power plants, scheduled to come on line in 2002, jumped to 15,000 MWs from a prior  
5           year level of close to 9,000 MWs. For the years, 2003-2004, these cancellations  
6           amount to well over 20 percent of originally planned projects. Each of these years  
7           could see at least 26,000 MWs of cancellations – if not more.” Given this experience  
8           of numerous generation plant cancellations, it makes it particularly important that this  
9           Commission not modify its proven reliable, cost effective electric resource planning  
10          process in an effort to accommodate what may be financially troubled independent  
11          power producers.

12  
13       **Q.     WHY ARE THE FINANCIAL TURMOIL, BANKRUPTCIES, AND LARGE**  
14       **NUMBER OF INDEPENDENT POWER GENERATION PROJECT**  
15       **CANCELATIONS IMPORTANT IN THIS PROCEEDING?**

16  
17       **A.**    First, I believe it provides a more accurate view of the current state of the wholesale  
18           electric power industry and independent power producers. Second, and more  
19           important, I believe it indicates that there would be additional risks if this  
20           Commission and its regulated utilities became overly reliant upon non-utility owned  
21           generation. Also, the risks related to financial credit worthiness and the potential for

1 plant cancellations is often subjective, hard to quantify, and not easily reflected or  
2 administered in an RFP process. Trying to use such subjective criteria in an RFP  
3 process could easily lead to more controversy and litigation. Therefore, the recent  
4 evidence of financial problems and plant cancellations are an increased risks faced by  
5 non-utility generators that are simply hard to consider in an RFP process and risks  
6 that, by and large, are not a concern when dealing with the State's regulated electric  
7 utilities.

8  
9 **Q. HOW SHOULD THIS COMMISSION WEIGH THESE RECENT NEGATIVE**  
10 **EXPERINCES WITH NON-UTILTIY OWNED GENERATION AND THE**  
11 **WHOLE ELECTRIC MARKETPLACE WITH REGARD TO THE ISSUES**  
12 **BEING DISCUSSED IN THIS PROCEEDING?**

13  
14 **A.** I would take these experiences as a warning that undue reliance upon non-utility  
15 owned generation and generating assets could increase the risk of having service or  
16 reliability problems with these generation sources as compared to the level of service  
17 and reliability we see with today's regulated utilities. The recent financial problems  
18 faced by independent power producers should not be ignored. Furthermore, I believe  
19 it is important to recognize that a regulated electric utility has reliability as its first  
20 priority. A non-utility owned competitive generator has profitability as its first  
21 priority. While the two are not mutually-exclusive, they can certainly lead to

1 competing interests.

2  
3 **Q. ARE THERE OTHER PLACES WHERE YOU TAKE ISSUE WITH DR.**  
4 **DISMUKES' POSITION REGARDING WHOLESALE COMPETITION AND**  
5 **COMPETITIVE BIDDING IN TODAY'S ELECTRIC MARKETPLACE?**

6 **A.** On page 14, lines 18-22, Dr. Dismukes claims that one result of wholesale power  
7 markets was divestiture of generating units by regulated utilities that has “resulted in  
8 new operating practices leading to increased efficiencies...” This is quite a stretch at  
9 best. The fact is, states where divestiture occurred have adopted retail electric  
10 competition and the divestiture was forced or coerced by regulators usually in  
11 exchange for stranded cost recovery. Also, divestiture sometimes resulted in utilities  
12 divesting the plants to unregulated affiliates they own. Thus these unregulated utility  
13 affiliates are providing the same power to the same customers as before, except now  
14 it's under the guise of retail competition.

15  
16 I would also point out that in states where this divestiture occurred, the related retail  
17 electric competition experience has been a failure, particularly for residential electric  
18 customers. Indeed, as of February 2003, (per the Energy Information Administration)  
19 of the 23 states that had adopted retail electric competition, six had suspended or  
20 delayed implementation, including California. Therefore, while there may be isolated

1 cases of divestiture improving generating plant operations, to claim that the  
2 divestiture of generating plants as a whole has been a beneficial experience for rate  
3 payers is simply not accurate.

4  
5 **Q. DO YOU AGREE WITH THE VARIOUS STUDIES THAT DR. DISMUKES**  
6 **NOTES, PAGE 15, LINES 7-18, THAT PURPORTEDLY QUANTIFY**  
7 **CONSIDERABLE BENEFITS FROM WHOLESALE COMPETITION?**

8 **A.** I would agree that there have been benefits from wholesale power markets. However,  
9 I would point out that two of his studies were conducted for independent power  
10 providers. The Department of Energy Study to which he refers indicates in the body  
11 of the report, at page 19, that the estimated savings do not “distinguish increased trade  
12 due to wholesale competition from economy trades that routinely occurred among  
13 neighboring utilities prior to FERC Orders 888 and 889.” Therefore, the savings he  
14 appears to attribute to wholesale competition are really a combination of savings that  
15 includes economy transactions that utilities have historically done.

16  
17 **Q. BEGINNING ON PAGE 25 DR. DISMUKES BEGINS TO DISCUSS THE**  
18 **STATES IN THE SOUTHEAST THAT HAVE A COMPETITIVE BIDDING**  
19 **PROCESS. DOES THIS INFORMATION SUPPORT HIS ARGUMENT**  
20 **THAT SUCH A PROCESS WOULD BE GOOD IN SOUTH CAROLINA?**

1 A. No, it does not bolster his case for several reasons. First, only three Southeastern  
2 states require a competitive bidding or RFP process – Georgia, Florida, and  
3 Louisiana. In fact, these three states have very limited RFP experience.

4  
5 Georgia has just recently, September 21, 2004, amended its IRP rules to require an  
6 RFP solicitation by electric utilities for “each block of new supply-side resources  
7 identified in the [utility’s] IRP.”<sup>9</sup> Therefore, to claim that any conclusions can be  
8 drawn from Georgia’s RFP experience is reaching rather far because that state’s first  
9 RFP proceeding is ongoing at the present time. I would also point out that the process  
10 in Georgia has been quite time consuming. For example, the proposed calendar for  
11 the Georgia RFP process, assuming nothing changes, indicates that it took over four  
12 months just to get an RFP issued for bids. This does not include the time it took to  
13 select the independent evaluator and the time to prepare the initial draft of the RFP.  
14 It will take another seven months to receive bids and determine a short list and two  
15 additional months to get draft contracts from the short-listed bidders to start the  
16 contract negotiation process, which will take additional time. From my perspective,  
17 this appears to be a rather protracted process. At best I would conclude that it is far  
18 too early to draw any conclusions regarding this state’s RFP experience.

19  

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<sup>9</sup> Order, Sept. 21, 2004, Docket Number 19225-U.

1 Next consider Louisiana. As Dr. Dismukes himself discusses, the Louisiana RFP  
2 process was only finalized last year. Therefore, similar to Georgia, it is impossible for  
3 anyone to draw any conclusion from this state's experience.

4  
5 Finally consider Florida, which Dr. Dismukes indicates has had an RFP process in  
6 place since 1994. A quick review of Florida's electric rates over the past fifteen years  
7 showed that that State's average residential and overall average electric rates  
8 exceeded both the national and regional average. Moreover, the gap between Florida  
9 and the nation's average overall rates appears to be growing. If a mandatory RFP  
10 process provides the claimed low cost, high efficiency benefits that Dr. Dismukes  
11 professes, then one has to wonder why Florida's rates do not reflect these efficiencies.

12 While electric rates are not necessarily the only parameter by which we could judge  
13 Florida's overall experience with a mandatory RFP process, lacking any evidence  
14 from Dr. Dismukes to the contrary, I cannot conclude that Florida's RFP process has  
15 been beneficial to the state.

16 Therefore, I would suggest that it is too early to draw any conclusion from the  
17 experience of other Southeastern states that have adopted a resource planning  
18 paradigm that includes a mandatory RFP procedure.

19  
20 **Q. DO YOU HAVE ANY OTHER COMMENTS ON THE ISSUE OF WHETHER**

1           **SOUTH CAROLINA SHOULD ADOPT A MANDATORY, REGIMENTED**  
2           **COMPETITIVE BIDDING PROCESS?**

3   **A.**     As I have stated, I do not agree that such a mandatory procedure is needed or  
4           warranted at this time. I do not see a reason to change from the current process nor do  
5           I see a problem that this proposed solution rectifies. Moreover, I believe, as utility  
6           witnesses have testified, that requiring an RFP process, particularly for baseload  
7           generation, would not be in the public interest in terms of reliability and long-term  
8           costs.

9  
10   **Q.**     **BASED ON YOUR TESTIMONY, DO YOU BELIEVE THAT AN RFP**  
11           **PROCESS SHOULD NEVER BE USED?**

12  
13   **A.**     Absolutely not. I believe the RFP process can be a valuable tool in identifying  
14           potential resources and attracting new and diverse bids. However, I would leave to  
15           the utilities the decision as to when and how to incorporate such a procedure.

16  
17   **Q.**     **DOES THIS CONCLUDE YOUR TESTIMONY?**

18   **A.**     Yes.

# J. A. WRIGHT & ASSOCIATES

## Julius A. Wright, Ph.D.

Julius A. "Chip" Wright is the President of J. A. Wright and Associates, 3307 Loridan Way, Atlanta, Georgia, 30339; 770-365-1872; jawright@mindspring.com.

### Experience Overview

Prior to starting his firm, Dr. Wright was a Client *Partner for AT&T Solutions* Utilities and Energy Practice and before that a Principal in EDS' Management Consulting Services. Dr. Wright has been consulting electric gas, and telephone utilities on regulation, economics, rates, production modeling and strategic planning for the past three years. Prior to this Dr. Wright served an eight-year term as a Utility Commissioner for the state of North Carolina. Prior to that he served three terms in the North Carolina State Senate while he was a senior project engineer for Corning Glass Works on their optical wave guide project in Wilmington, North Carolina. He has a total of 14 years' government-related experience, 12 years' plant-related engineering experience, and he has established two companies. While serving on the North Carolina Utility Commission, he served four years on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee. He has served in various other advisory capacities, including the Keystone Committee on Externalities; the North Carolina Radiation Protection Committee, and on an Oversight Committee for a joint North Carolina/New York/ Department of Energy (DOE) project.

Dr. Wright has also served on the Southern States Energy Board Task Force on Restructuring the Electric Utility Industry.

### *Electric Competition Natural Gas, and Regulatory Strategy*

- Testified for Entergy Mississippi in civil court regarding the need for confidentiality with "special use" contracts to large customers, 2004.

- "Energy Deregulation," March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.
- Principal author with Dr. Al Danielsen of "Reliability of Electric Supply In Georgia," published by The Bonbright Utilities Center, University of Georgia, June, 2001.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.
- Was the principal author of a report and investigation titled "An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply," which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.
- Co-authored a national study that used computer modeling techniques to quantify the impact of electric competition on the aggregate economy in each of the 48 continental United States.
- Presented testimony to Louisiana Legislative Committee on behalf of Entergy Corporation regarding the various regulatory and technical issues that need to be addressed in the transition to competition.
- Presented testimony For Virginia Power with regard to its transition to competition plan.
- Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power

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exchanges, legislation, taxes and regulatory polices.

- Presented testimony for Entergy Corp. in both Louisiana and Arkansas in support of its transition to competition filing.
- Worked with three major southeastern utilities on developing business and regulatory strategy as they prepare for competition.
- Filed a report with the South Carolina Legislature that studied the impact of electric competition on the state of South Carolina.
- Was a panelist on a Southern Gas Association national televised forum on performance based regulation for the natural gas industry.
- Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.
- Developed regulatory and marketing strategy for ENTERGY with regard to its telecommunications initiatives. In these efforts he worked with the EDS Telecommunications Consulting Group.
- Led an analysis of the prudence of Central Vermont Public Service Company's power and resource acquisitions over a five year period. The prudence of this utility's power supply strategy was under investigation in a rate case proceeding. Dr. Wright's team filed testimony supporting the Company and their efforts were instrumental in undermining the charges of imprudence brought by the Company's opposition.
- Developed an EDS intra-company task force to address the issues related to FERC's Transmission NOPR. This task force subsequently filed three responses to FERC's Open Access NOPR which provide a basis for EDS to maintain a leadership position as the

electric utility industry undergoes restructuring to a competitive market.

- Helped develop a regulatory strategy and presented testimony on behalf of South Carolina Pipeline. In this case, an economic analysis prepared by Dr. Wright and Dr. Frank Cronin (from EDS Economic Planning and Analysis Consulting Group) was presented along with recommendations. Their analysis and recommendations were generally accepted by the Commission staff.

## ***Resource Planning & Economic Analysis***

As a Commissioner he has been involved in a variety of resource planning issues including chairing the last North Carolina Resource Planning hearing that involved Duke Power Company, Carolina Power and Light, Virginia Power Company and the North Carolina Electric Membership Corporation.

He was also selected by the states of North Carolina and New York and the Department of Energy to be one of five representatives on a peer review panel overseeing a Resource Planning project being conducted by the Oak Ridge National Laboratories.

In addition to these initiatives Dr. Wright has:

- Provided testimony for Georgia Power in its 2005 Fuel Adjustment Hearing on the issue of the appropriate pricing methodology for the dispatch and sale of electricity in the Southern Company system.
- Was the principal author of a report and investigation titled "*An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply*," which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.

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- Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.
- Was instrumental in acquiring a large engagement for a major southeastern utility examining their competitive position as it relates to a competitive electric market. During the engagement he provided input and guidance on regulatory issues related to the deregulation of the electric industry.
- Assisted Carolina Power and Light Company in their integrated resource planning process by advising and facilitating a Commission directed public policy panel.
- Developed an overview of Niagara Mohawk Gas' integrated resource planning efforts. This engagement was under a contract from Oak Ridge National Laboratories.

***Management Reviews, Prudence Reviews,  
and Affiliate Issues***

- Presented testimony before the Georgia Public Service Commission on behalf of Scana Energy Marketing related to affiliate relationships and the appropriate affiliate rules between Atlanta Gas Light Company's regulated and unregulated affiliates. Docket No. 146060-U, August 24, 2001.
- Provided input and draft testimony for Duke Power Company in support of a corporate restructuring initiative filed with the North Carolina Public Utility Commission in 2002. The draft testimony was used as a basis for oral testimony from the Company that supported the prudence and reasonableness of the Company's proposal.
- "Energy Deregulation," March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and

blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power and the appropriate affiliate relationship protections necessary in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.
- Was the principal author of a report and investigation titled "*An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply,*" which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.
- Provided the initial drafts and helped develop final drafts of comments filed by Entergy Corporation in Mississippi and other states related to the appropriate protections with regard to the relationships between regulated and unregulated affiliates.
- Filed testimony supporting the prudence and reasonableness of Entergy Arkansas' Transition to Competition Filing, 1997.
- Filed testimony supporting the prudence and reasonableness of Entergy Louisiana's Transition to Competition Filing, 1997.
- Led an analysis and presented testimony related to the prudence of Central Vermont Public Service Company's power and resource acquisitions over a five year period. The prudence of this utility's power supply strategy was under investigation in a rate case proceeding. Dr. Wright's team filed testimony supporting the Company and their efforts were instrumental in undermining the charges of imprudence brought

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imprudence brought by the Company's opposition.

### ***Cost of Service, Rate Design, Forecasting***

While serving more than eight years on the North Carolina Commission, Dr. Wright was involved in several cost of service and rate design analyses, testimonies, and orders. This included work in electric, telephone, gas, and water utilities. Additionally, he has presented testimony on performance based ratemaking and he has been involved in analyzing electric utility forecasting models, including end-use models, regression analysis (both linear and nonlinear) and customer discrete choice modeling forecasts. Furthermore, Dr. Wright's Ph.D. is in environmental and regulatory economics with special research into nonlinear minimal cost optimization procedures for electric utility production models. This work included optimizing investments, optimal regulatory regimes, pricing, cost recovery, and rate of return issues.

In addition, he has:

- Provided an economic analysis of the proper regulatory regime for South Carolina Pipeline Company. In this analysis he presented testimony supporting performance based rate making and his recommendations were generally accepted by the Commission staff.
- Developed forecasted rates for two New York state utilities. These rates were developed to support a bond filing by a cogenerator.
- Provided a forecast of power payments from New York State Electric and Gas (NYSEG) to two independent power producers (IPPs). This forecast was used to estimate the level of overpayments by NYSEG to these IPPs, under PURPA regulations, which he used in a filing before FERC supporting the company's claim of unlawful overpayments.

### ***Telecommunications***

As a Commissioner he has regulated all types of

telecommunications providers for eight years. In addition, he has worked with two electric utilities in strategy formulation in regard to their entering the telecommunications business. Furthermore, he has eight years experience as a fiber optic engineer.

### **Other Areas of Expertise**

Prior to joining EDS, he worked for eight years as a senior process engineer for Corning Glass in the design and production of optical waveguides (or fiber optics). Prior to that he worked for four years in the chemical industry as a process chemist and later as a senior project engineer. He has done work in environmental monitoring, process and product improvement, plant utilization, as well as starting and selling two successful companies – one in the financial leasing business and the other in the entertainment industry.

### **Presentations and Publications**

*"Energy Deregulation,"* March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

*"Low Cost States and Electric Restructuring - The Issue is the Price!"* presented to the 1999 Miller Forum on Government, Business and the Economy, University of Southern California, April 19, 1999.

*An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply,* Illinois Commerce Commission Docket No. 98-0514.

*The Impact of Competition on the Price of Electricity,* author, published by J. A. Wright and Associates, November, 1998.

*"Retail Competition in the Electric Industry: The Impact on Prices,"* presented at the 18<sup>th</sup> Annual Bonbright Center Energy Conference, Atlanta, Georgia, Sept. 10, 1998.

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*Potential Economic Impacts of Restructuring the Electric Utility Industry*, co-author, published by the Small Business Survival Committee, Washington, DC, November, 1997.

"How Deregulation Will Affect Power Quality and Energy Management," presented at the Power Quality and Energy Management Conference co-sponsored by Entergy and EPRI, New Orleans, LA, Nov. 14, 1997.

"Deregulation of the Electric Industry," *Proceedings: National Business Energy Forum*, June 26, 1997, New Orleans, LA.

"A Different View of the Market," presented at the Southeastern Electric Exchange Conference, June 25, 1997, Charlotte, N.C.

"Restructuring The Electric Utility Industry: Theory vs. Reality," presented at the American Bar Association Restructuring Conference, Raleigh, NC, Dec. 5, 1996.

"Restructuring: The Best Approach for Virginia," presented at the Virginia State Corporation Commission Electricity Restructuring Forum, Charlottesville, VA, Nov. 15, 1996.

"Alternative Rate Making for the Natural Gas Industry: State Issues," presented at the Tenth Annual NARUC Biennial Regulatory Information Conference, Columbus, Ohio, Sept. 12, 1996.

"RetailCo: To Regulate or Not?" presented at the 9<sup>th</sup> Annual Automatic Meter Reading Symposium, New Orleans, La., Sept. 10, 1996.

"Convergence: The Competitive Revolution Comes To Electric Power," presented to the Southeastern Association of Regulatory Commissioners Annual Convention, Point Clear, Alabama, June 4, 1996.

"Stranded Assets Recovery Issues," presented at the Western Electric Power Institute: Financial Forum, Tucson, Arizona, March 8, 1996.

"The Deregulation of the Electric Utility Industry : Current Status," presented at the North Carolina Economic Developers Association Midwinter Conference, Pinehurst, N.C., February 23, 1996.

"Performance Based Regulation for The Natural Gas Industry," panelist on Southern Gas Association's Televised Regulatory Forum, Dallas, Texas, Jan. 18, 1996.

"Industry Structure Should Meet Stakeholder Objectives," *Electric Light and Power*, Jan., 1996.

"Quantifying the Value of Stranded Investment: A Dynamic Modeling Approach," *Proceedings: Implementing Transmission Access and Power Transactions Conference*, Denver, Colorado, Dec. 14, 1995.

"Quantifying the Value of Stranded Investment: A Dynamic Modeling Approach," at the 15th Annual Bonbright Center Electric and Natural Gas Conference, October 9-11, 1995, Atlanta, Georgia.

Comments to FERC in the matter of Notice of Proposed Rulemaking on Open Access, Docket No. 95-9-000, 1995.

"The Road to Competition for Re-Regulated Industries," presented at the 1995 PROMOD users Forum, St. Petersburg, Florida, May 1, 1995.

"*Comparing New York State Electric and Gas Corporation's Non-Utility Generator Payments to Current Avoided Cost Rates*," report submitted in support of affidavit filed before FERC in Docket No. EL 95-28-000.

"A Solution To The Transmission Pricing and Stranded Investment Problems" *Public Utilities Fortnightly*, January 1995.

"Electric Utility Competition: The Winning Focus," presented at 1994 Southeastern Electric and Natural Gas Conference, Atlanta, Georgia, October 1994.

"*Gas Integrated Resource Planning: The Niagara Mohawk Experience*," for Martin Marietta Energy

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Systems, Inc., under contract to the United States Department of Energy, ORNL/SUB/93-03369.

“Future Regulation In the Water Industry - Can We Solve the Problems Before They Happen?” *Water*, Vol. 29, No. 2, pp. 14-17, Summer 1988.

“The Regulatory Process - Historical and Today,” presented at Carolina Power and Light Company’s IRP Public Participation Committee Seminar, June 1994.

“The Regulatory Role In DSM: Who Pays?” presented at Carolina Power and Light Company’s IRP Public Participation Committee Seminar, June 1994.

“The Regulatory Process In North Carolina,” North Carolina Telephone Association, June 1991.

### **Testimony**

- Provided testimony for Georgia Power in its 2005 Fuel Adjustment Hearing on the issue of the appropriate pricing methodology for the dispatch and sale of electricity in the Southern Company system, Docket number 19142-U, April, 2005.
- Presented testimony on behalf of South Carolina Electric and Gas Company before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the inclusion of a generating plant in rate base and to the recovery of RTO (Gridsouth) related costs, Docket No. 2004-178-E, October, 2004.
- Presented testimony on behalf of Entergy Mississippi before the Mississippi civil court dealing with maintaining the confidentiality of special use contracts, August, 2004.
- Presented rebuttal testimony before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the reasons for continuing a program that allows flexible, competitive based pricing for large, interruptible

customers that have alternative fuels, Docket No. 2004-6-G, May 29, 2004.

- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Savannah Electric & Power Company rate case, Docket No. 14618-U, April, 2002.
- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Georgia Power Company rate case, Docket No. 14000-U, November 19, 2001.
- Presented testimony before the Georgia Public Service Commission on behalf of Scana Energy Marketing related to affiliate relationships and the appropriate affiliate rules between Atlanta Gas Light Company’s regulated and unregulated affiliates. Docket No. 146060-U, August 24, 2001.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power the appropriate affiliate relationship protections necessary in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.
- Presented testimony before the South Carolina Public Service Commission on behalf of South Carolina Pipeline Corporation regarding issues related to its annual review of gas costs as reflected in its purchase gas adjustment charge, Docket No. 1999-007-G, September, 1999.
- Presented testimony before the Arkansas Public Service Commission on behalf of Entergy Arkansas, Inc. regarding regulatory policies related to the definition of public utilities as it impacts citing requirements of non-utility owned generating facilities, Dockets No. 98-337-U, March 9, 1999.

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- Presented Rebuttal and Surrebuttal testimony before the Louisiana Public Service Commission on behalf of Entergy Louisiana, Inc. and Entergy Gulf States regarding regulatory policies related to stranded cost recovery and on the issue of whether investors have been compensated for the risk of not recovering stranded costs, Dockets Nos. U-22092SC and U-20925, September, 1998.
- Presented testimony to the South Carolina Public Utility Commission for South Carolina Pipeline Corp. related to acquisition adjustments and regulatory policies related to performance based regulation, Docket No. 90-588-G, June, 1998.
- Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory polices, April 16, 17, 1997.
- Support of Transition Proposals filed by Virginia Power Corporation, March, 1997.
- Entergy Arkansas testimony in support of Transition to Competition Filing, 1997.
- Entergy Louisiana testimony in support of Transition to Competition Filing, 1997.
- Support of Performance Based Regulation for GTE South Inc., Docket No. P-19, Sub 277, before the North Carolina Utility Commission, filed Nov. 22, 1995.
- Stranded Cost Regulatory Policy and Recovery Testimony before the South Carolina Public Service Commission, the Commission approved the request Dr. Wright was advocating, Docket No. 95-1000-E, October 27, 1995.
- Performance based rate making mechanism and rate levels, testimony on behalf of South Carolina Pipeline Corporation, Docket No. 90-588-G, filed August 3, 1995.

- Prudence Review of Power Resource Planning for Central Vermont Public Service Company, Docket No. 5724, September 7, 1994.
- Rebuttal testimony on behalf of Central Vermont Public Service Company, Docket 5724, September 7, 1994.
- Surrebuttal testimony on behalf of Central Vermont Public Service Company, Docket No. 5724, September 9, 1994.

### **Education**

Dr. Wright received a Ph.D. in Economics from North Carolina State University, focusing on regulatory and environmental economics, and is a member of the honor society.

He received an MBA in finance from Georgia State University in 1978, graduating with honors.

He received a Master of Economics from North Carolina State University in 1991 and was a member of the honor society.

He received a B.S. in Chemistry from Valdosta State College in Valdosta, Georgia, graduating Magna Cum Laud.

In addition, he has completed the Michigan State University Regulatory Course, several other NARUC courses on regulation, been an instructor on regulatory issues at several NARUC courses, completed management courses at Corning Glass and financial seminars at Bank Boston and Merrill Lynch dealing with regulation.